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**1995/07/01**

CONFIDENTIAL

Date Printed: 01/09/1997

DOC\_NUMBER: 95STATE159290

CHANNEL: D/A

PTQ1889

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PTQ1889

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ORIGIN EAP-01

INFO LOG-00 OASY-00 TEDE-00 ADS-00 ONY-00 SSO-00 /001R

DRAFTED BY: EAP/CM: WASTANTON  
APPROVED BY: EAP/CM: WASTANTON  
DESIRED DISTRIBUTION:  
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EXCISE

O 011704Z JUL 95  
FM SECSTATE WASHDC  
TO AMEMBASSY BEIJING IMMEDIATE

DEPARTMENT OF STATE IM/IPS/CP/IR 35 Date: 5-27-97  
( ) RELEASE ( ) DECLASSIFY 38  
( ) EXCISE ( ) DECLASSIFY EO Citations  
( ) DENY IN PART

C O N F I D E N T I A L STATE 159290

FOIA Exemptions 35 TS authority to  
Exemptions ( ) CLASSIFY as ( ) S or ( ) C Sec.  
( ) DOWNGRADE TS to ( ) S or ( ) C

FOR CHARGE HALLFORD ONLY FROM EAP/CM STANTON ACTING

E.O. 12356: DECL: OADR  
TAGS: AMGT  
SUBJECT: OFFICIAL-INFORMAL

1. (U) THIS IS O-I NO. 119, JUNE 30-JULY 1, 1995.
2. (C) FOR MONROE FROM STANTON/ELLIS. AG AND HAIDAO VISITS. LAST WEEK, WE ASKED FOR YOUR COMMENTS ON SECRETARY GLICKMAN'S PROPOSED TRIP TO BEIJING IN AUGUST. NEIL RESPONDED TO THIS, I THINK LAST FRIDAY. WE HAVE CLEARED, WHILE NOTING THE RISK THAT [REDACTED] MIGHT REFUSE. WE EXPECT THAT THEY WILL BE SENDING A COUNTRY CLEARANCE MESSAGE SOON, UNLESS THEY

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HAVE HAD SECOND THOUGHTS. IN LAST WEEK'S MESSAGE, WE HAD ALSO ASKED WHAT YOU THOUGHT ABOUT COMMERCE U/S MIZNER'S PLANS TO VISIT THE ERRANT ISLAND PROVINCE IN LATE JULY. THEY HAVE HAD REGULAR EXCHANGES AT THIS LEVEL, BUT DON SENLIN RECOGNIZES THAT THE CIRCUMSTANCES MAY HAVE CHANGED

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A LITTLE. ANY COMMENTS ON THIS ONE?

3. (C) FOR MONROE FROM ELLIS. TAX TREATY? EB HAS CIRCULATED A MEMO ASKING FOR REGIONAL BUREAU PRIORITIES FOR (RE-) NEGOTIATING BILATERAL TAX TREATIES. THEY WOULD LIKE TO KNOW WHETHER WE THINK OUR CURRENT ARRANGEMENTS ARE ADEQUATE, OR WHETHER WE THINK IT SHOULD BE A PRIORITY TO OPEN NEW NEGOTIATIONS ON THIS SUBJECT. IT OCCURS TO US THAT THE ZENGZHI SHUI ISSUE AS BEEN FAIRLY PROMINENT RECENTLY. MAYBE THIS WOULD NOT BE A BAD IDEA, PROVIDED THAT [REDACTED] ARE STILL WILLING TO TALK TO US ABOUT ANYTHING BY THE TIME THIS THING GETS ROLLING. ANY THOUGHTS FROM THE FIELD? ✓

4. (C) FOR MONROE FROM ELLIS. PENSION INVESTMENTS. OUR COMMERCIAL COORDINATOR'S OFFICE BROUGHT DOWN AN INTERESTING QUESTION TODAY. A SIYING CLIENT HAS APPARENTLY ASKED ABOUT CHINESE PENSION FUNDS INVESTING IN THE U.S. I NOTED THAT SUCH FUNDS ARE VERY NEW AND, AS FAR AS I KNOW, ARE NOT TO THE POINT YET WHERE THEY CAN MANAGE COMPLICATED INTERNATIONAL INVESTMENT PORTFOLIOS. THE SIYING CLIENT, HOWEVER, IS APPARENTLY THINKING "LONG TERM." THEY WOULD LIKE TO KNOW WHICH ORGANIZATIONS IN CHINA ARE RESPONSIBLE FOR SUPERVISING THESE PROGRAMS. SORRY, BUT I COULD NOT ANSWER OFF THE TOP OF MY HEAD. YOUR ASSISTANCE WOULD BE APPRECIATED.

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5. (C) FOR MONROE FROM ELLIS. A SMALL SIGN OF HOPE? I HAVE BEEN TRYING TO GET HOLD OF RENEE SHWARTZ FOR A COUPLE OF DAYS TO ASK HER ABOUT THE STATUS OF THE SPS TALKS. SHE CALLED BETWEEN MEETINGS THIS MORNING TO SAY THAT THEY APPEARED TO BE MOVING FORWARD AND HOPE TO SIGN FOUR DETAILED PROTOCOLS LATER TODAY. SURE ITS AN ARCAINE ISSUE, BUT ITS NOT LIKE WE CAN BE TOO PICKY IN LOOKING FOR SOMETHING POSITIVE THESE DAYS. LETS HOPE THEY PULL THIS ONE OFF. PLEASE KEEP THIS UNDER YOUR CHAPEAU UNTIL WE GET CLEAR CONFIRMATION.

6. (C) FOR HALLFORD FROM STANTON. DARRYL JOHNSON ASKED US TO PASS THE FOLLOWING MESSAGE:

I JUST READ BEIJING 28309 AND WANTED TO ASK THAT YOU PASS ALONG MY KUDOS TO SCOTT AND HIS TEAM. IT'S AN EXCELLENT AND COMPREHENSIVE PIECE ON AN IMPORTANT SUBJECT. A COUPLE OF ADDITIONAL THOUGHTS: I WAS SURPRISED TO FIND

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HIGH AND GROWING NEGATIVE ATTITUDES ABOUT CHINA AND CHINESE GOODS WHEN I WAS OUT THERE LAST FALL. I HAD EXPECTED THAT THE INCREASED AVAILABILITY OF CHEAP CONSUMER GOODS WOULD LEAD TO INCREASED CONTACTS AND SOME ADMIRATION. BUT THE CONTRARY WAS TRUE, AS REFLECTED IN PUBLIC OPINION POLLS AND LOCAL GOSSIP. THE CABLE CAPTURES THIS ACCURATELY. SECONDLY, THERE IS A VERY CLEAR SENSE OF "THREAT" FROM GREAT BIG CHINA NEXT TO THE RELATIVELY SMALL COUNTRIES OF POST-SOVIET CENTRAL ASIA, AS THOUGH THERE WERE VAST HOARDS OF HAN CHINESE POISED AT THE DZUNGARIAN GATE TO FLOOD INTO CENTRAL ASIA, RATHER THAN ETHNIC BROTHERS SPARSELY POPULATING VAST STRETCHES

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OF "CHINESE" CENTRAL ASIA. THIS MAY BE A LEGACY OF SOVIET TIMES, BUT IT ALSO REFLECTS CULTURAL AND ETHNIC STEREOTYPES. AS FOR RESOURCES, THE IDEA OF A TRANS-CHINA PIPELINE SOMETIMES COMES UP IN DISCUSSIONS ABOUT THE VARIOUS OPTIONS FOR CASPIAN OR OTHER OIL AND GAS, BUT IT IS NOT TAKEN SERIOUSLY BY WESTERN FIRMS AND SEEMS TO REPRESENT A PLOY OR FRUSTRATION VIS A VIS THE RUSSKIES. ANYWAY, THE "GREAT GAME" IT AIN'T, BUT THE REGION, THE RESOURCES AND THE PEOPLE ARE FASCINATING. I'M HOPING TO GO OUT THERE AGAIN LATER THIS YEAR, AND MAY GET BACK TO YOU ABOUT POSSIBLE PLANE (OR TRAIN?) CONNECTIONS TO RETURN VIA BEIJING. CHEERS.

7. (U) FOR HALLFORD FROM STANTON. WIRTH CALL. YOU MAY HAVE ALREADY RECEIVED A CALL FROM UNDER SECRETARY WIRTH. HE WANTS TO SET UP A CONFERENCE CALL WITH YOU AND OTHERS EITHER OVER THE WEEKEND OR ON MONDAY MORNING, OUR TIME, TO DISCUSS WITH YOU THE WOMEN'S CONFERENCE, INCLUDING LOGISTICAL ISSUES. WHEN I NOTED TO HIS STAFF THAT IT MIGHT BE MORE USEFUL TO DISCUSS SUCH ISSUES AFTER THE IO/OIC TEAM VISITS BEIJING JULY 10-12, THEY SAID WIRTH ALSO WANTED TO SPEAK TO YOU ABOUT THE TEAM THAT IS COMING OUT (WHICH WILL NOW ALSO INCLUDE EAP/EX'S JODI JENKINS.)

8. (LOU) FOR HALLFORD/SILVER FROM STANTON. MFN LEGISLATION. A BUSINESS CONTACT OF OUR TC COLLEAGUES HAS HEARD THAT THE HILL IS WORKING ON ANTI-CHINA MFN LEGISLATION THAT WOULD ALSO INCLUDE GOOD WORDS FOR OUR FRIENDS IN THE RENEGADE PROVINCE. APPARENTLY, C. CHRISTOPHER COX, REPUBLICAN OF NEWPORT BEACH, CA, HAS BEEN TASKED WITH PREPARING THE BILL, WHICH, OUR CONTACT

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HEARS, WILL ADVOCATE U.S. RECOGNITION OF TAIWAN AS A  
STATE. ASKED ABOUT THIS RUMOR, THE H STAFFER WHO HANDLES  
EAP ISSUES WAS SKEPTICAL. HE SAID THE ONLY PIECE OF  
LEGISLATION SO FAR INTRODUCED ON CHINA MFN ONLY CONTAINS  
DISAPPROVAL LANGUAGE, NOTHING ON TAIWAN. THAT BILL HAS  
BEEN MARKED UP BY FULL HOUSE WAYS AND MEANS COMMITTEE AND  
SEEMS LIKELY TO BE TAKEN UP ON HOUSE FLOOR, POSSIBLY ON  
JULY 19. H'S INFORMATION IS THAT THERE WILL BE NO OTHER  
MFN BILL; IF THERE WERE, IT WOULD ALMOST HAVE TO BE  
PRO-MFN IN ORDER TO GET A REFERRAL AND HEARING. H SAID  
THEY WOULD INVESTIGATE FURTHER, BUT THEY STRONGLY DOUBTED  
THERE WAS ANYTHING TO THE RUMOR OR THAT SUCH AN  
INITIATIVE WOULD GO ANYWHERE. NONETHELESS, IN THE WAKE  
OF HARRY WU'S DETENTION, WE ARE ALL CONCERNED THAT THE  
HILL MIGHT DO SOMETHING DUMB, AS YOUR BOEING CONTACT  
INDICATED.

9. (U) FOR HALLFORD FROM STANTON. LATE O-I. THIS O-I,  
WHICH WAS DRAFTED ON FRIDAY, JUNE 30, COULD NOT BE SENT  
UNTIL SATURDAY BECAUSE THE COMPUTER SYSTEM WENT DOWN LATE  
FRIDAY NIGHT WHEN DON WAS ADDING A FAREWELL NOTE. HE IS  
LIKELY TO SEND SOMETHING SEPARATELY LATER. NEEDLESS TO  
SAY, HE IS THE BEST, AND WE WILL ALL DEEPLY MISS HIM.

10. (C)



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IF YOU HAVE ANY SPECIFIC JIANYI, PLEASE LET US  
KNOW.

11. (C) FOR HALLFORD/SILVER/MACIAS FROM STANTON.  
REPORTING ON WU. IT WOULD BE DIFFICULT TO EXAGGERATE THE  
INTENSITY OF INTEREST HERE IN THE HARRY WU CASE, DOWN TO

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Date Printed: 01/09/1997

DOC\_NUMBER: 95STATE159230

CHANNEL: n/a

THE MOST MINUTE DETAILS OF PARISH'S TREK TO HORGAS. THE  
PRESS OFFICE CALLED ME AT THE OFFICE AT NOON ON SATURDAY  
TO ASK ABOUT ANY LATE-BREAKING EVENTS, INQUIRING -- FOR  
EXAMPLE -- WHETHER WE WOULD BE NOTIFIED WHEN PARISH  
ARRIVES IN HORGAS, WHETHER WE WOULD BE IN TOUCH WITH THE  
CHINESE OVER THE WEEKEND, ETC. I HAVE DONE MY BEST TO  
DAMPEN EXPECTATIONS THAT A SOLUTION IS IMMINENT, AND  
TRIED TO EXPLAIN THE OVERALL POLITICAL CONTEXT WHICH  
MAKES THIS CONSULAR CASE SO DIFFICULT. NEEDLESS TO SAY,  
THIS HAS NOT HAD MUCH IMPACT. ALMOST ANYTHING YOU HAVE  
ON WU IS PROBABLY WORTH REPORTING.  
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